

## INTELLECTUAL PROPERTY LITIGATION

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### Case Notes

#### **In re EchoStar Communications Corp., Docket Nos. 803 and 805, 2006 WL 1149528 (Fed. Cir. May 1, 2006)**

FEDERAL CIRCUIT, INTELLECTUAL PROPERTY

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#### **The Scope of the Waiver of the Attorney Client Privilege and Work Product Immunity Doctrine that Results from the Assertion of the Advice-of-Counsel Defense**

The United States Court of Appeals for the Federal Circuit clarified the scope of the waiver of the waiver of the attorney-client privilege and work product immunity that results from the assertion of the advice-of-counsel defense in response to a charge of willful patent infringement. *In re EchoStar Communications Corp.*, Docket Nos. 803 and 805, 2006 WL 1149528 (Fed. Cir. May 1, 2006). The Court held that when an accused infringer chooses to rely on the advice-of-counsel defense, it waives the attorney-client privilege and work product immunity relating to the same subject matter (*i.e.*, whether a particular patent is valid, enforceable, and infringed), but that the waiver does not extend to documents and information that were never communicated to the client.

In response to the allegation of willful patent infringement, the defendants, referred to herein as “EchoStar,” asserted the advice-of-counsel defense based on advice that EchoStar received from its in-house counsel. Prior to the filing of the action, EchoStar relied on that advice. After the action was filed, however, EchoStar obtained additional legal advice from outside counsel but chose not to rely on it.

The plaintiff, referred to herein as “TiVo,” moved to compel the production of documents in the possession of EchoStar and its outside counsel relating to opinions of counsel on the basis that EchoStar waived all attorney-client and work product immunity privileges. The district court held that, by relying on its in-house counsel’s advice, EchoStar waived its attorney-client privilege and attorney work-product immunity relating to advice of any counsel regarding infringement, including its outside counsel. The district court also determined that the scope of waiver included attorney-client communications and attorney work product made either before or after the filing of the complaint, regardless of whether or not the work product was communicated to EchoStar.

On petition for writ of mandamus, the Federal Circuit agreed with the district court that when EchoStar chose to rely on the advice of its in-house counsel, it waived the attorney-client privilege regarding attorney-client communications and work-product immunity relating to the same subject matter, including communications with EchoStar’s outside counsel. The Court, however, disagreed that the scope of the waiver extends to attorney work product that was never communicated from counsel to EchoStar. The Court recognized at least three categories of work product that are relevant to the advice-of-counsel defense: (1) documents that embody a

communication between the attorney and client relating to the subject matter of the case; (2) documents that reflect that attorney's mental impression regarding the subject matter but were not given to the client; and (3) documents that discuss a communication between the attorney and client relating to the subject matter, but are not themselves communications to or from the client.

The Court determined that the second category of work product material, which is never communicated to the client, is not discoverable. The Court rationalized that work product waiver extends only so far as to inform the court of the infringer's state of mind. The Court recognized that it is what the alleged infringer knew or believed, and not what other material counsel may have prepared but did not communicate to the client, that informs the court of infringer's willfulness. Thus, if a legal opinion or mental impression was never communicated to the client, then it provides little, if any, assistance to the court in determining whether the accused infringer knew it was infringing.

In sum, the Court held that when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement, the alleged infringer waives its attorney-client privilege and work product immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether the patent is valid, enforceable, and infringed by the accused. The Court determined that the waiver, however, does not extend to information or material that was never communicated to the client. The Court clarified that the waiver extends not only to letters, memoranda, conversations, or the like between the attorney and client, but also, when appropriate, documents referencing a communication between the attorney and the client.

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